

UTILITY PATENT APPLICATION TRANSMITTAL (Small Entity)

(Only for new nonprovisional applications under 37 CFR 1.53(b))

Docket No.
WD2-98-084

Total Pages in this Submission

TO THE ASSISTANT COMMISSIONER FOR PATENTS

Box Patent Application
Washington, D.C. 20231

Transmitted herewith for filing under 35 U.S.C. 111(a) and 37 C.F.R. 1.53(b) is a new utility patent application for an invention entitled:

SYSTEM AND METHOD FOR ENCOURAGING COMPETITIVE PARTICIPATION IN AN AUCTION

and invented by:

Jay S. WALKER, Andrew S. VAN LUCHENE and Daniel E. TEDESCO

JC560 U.S. PTO
09/223901
12/31/98

If a **CONTINUATION APPLICATION**, check appropriate box and supply the requisite information:

☐ Continuation ☐ Divisional ☐ Continuation-in-part (CIP) of prior application No.: _____

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Enclosed are:

Application Elements

1. ☐ Filing fee as calculated and transmitted as described below
2. ☒ Specification having 30 pages and including the following:
 - a. ☒ Descriptive Title of the Invention
 - b. ☒ Cross References to Related Applications (if applicable)
 - c. ☐ Statement Regarding Federally-sponsored Research/Development (if applicable)
 - d. ☐ Reference to Microfiche Appendix (if applicable)
 - e. ☒ Background of the Invention
 - f. ☒ Brief Summary of the Invention
 - g. ☒ Brief Description of the Drawings (if drawings filed)
 - h. ☒ Detailed Description
 - i. ☒ Claim(s) as Classified Below
 - j. ☒ Abstract of the Disclosure

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Application Elements (Continued)

3. ☒ Drawing(s) (when necessary as prescribed by 35 USC 113)
- a. ☒ Formal b. ☐ Informal Number of Sheets 11
4. ☒ Oath or Declaration
- a. ☐ Newly executed (original or copy) ☒ Unexecuted
- b. ☐ Copy from a prior application (37 CFR 1.63(d)) (for continuation/divisional application only)
- c. ☒ With Power of Attorney ☐ Without Power of Attorney
- d. ☐ DELETION OF INVENTOR(S)
Signed statement attached deleting inventor(s) named in the prior application,
see 37 C.F.R. 1.63(d)(2) and 1.33(b).
5. ☐ Incorporation By Reference (usable if Box 4b is checked)
The entire disclosure of the prior application, from which a copy of the oath or declaration is supplied under Box 4b, is considered as being part of the disclosure of the accompanying application and is hereby incorporated by reference therein.
6. ☐ Computer Program in Microfiche
7. ☐ Genetic Sequence Submission (if applicable, all must be included)
- a. ☐ Paper Copy
- b. ☐ Computer Readable Copy
- c. ☐ Statement Verifying Identical Paper and Computer Readable Copy

Accompanying Application Parts

8. ☐ Assignment Papers (cover sheet & documents)
9. ☐ 37 CFR 3.73(b) Statement (when there is an assignee)
10. ☐ English Translation Document (if applicable)
11. ☐ Information Disclosure Statement/PTO-1449 ☐ Copies of IDS Citations
12. ☐ Preliminary Amendment
13. ☒ Acknowledgment postcard
14. ☒ Certificate of Mailing
- ☐ First Class ☒ Express Mail (Specify Label No.): EL117182716US

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Accompanying Application Parts (Continued)

15. ☐ Certified Copy of Priority Document(s) (if foreign priority is claimed)

16. ☐ Small Entity Statement(s) - Specify Number of Statements Submitted: _____

17. ☐ Additional Enclosures (please identify below):

Fee Calculation and Transmittal

CLAIMS AS FILED

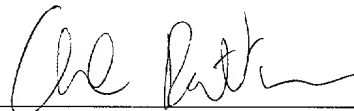
For	#Filed	#Allowed	#Extra	Rate	Fee
Total Claims	66	- 20 =	46	x \$9.00	\$414.00
Indep. Claims	10	- 3 =	7	x \$39.00	\$273.00
Multiple Dependent Claims (check if applicable) <input type="checkbox"/>					\$0.00
BASIC FEE					\$380.00
OTHER FEE (specify purpose) _____					\$0.00
TOTAL FILING FEE					\$1,067.00

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Dated: December 31, 1998


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CC:

SYSTEM AND METHOD FOR ENCOURAGING COMPETITIVE PARTICIPATION IN AN AUCTION

5 **Cross-Reference to Related Applications**

This application is related to co-pending U.S. patent application Serial No. 08/943,483 entitled "SYSTEM AND METHOD FOR FACILITATING ACCEPTANCE OF CONDITIONAL PURCHASE OFFERS (CPOs)" to Jay S.

10 Walker, Daniel E. Tedesco, James A. Jorasch and Andrew S. Van Luchene filed on October 3, 1997, the entirety of which is incorporated herein by reference.

Field of the Invention

15 The present invention relates to auctions, and relates more particularly to systems and methods for rewarding or penalizing bidders whose bidding behavior during an auction session meets predetermined standards.

Background of the Invention

20 Auctioning has been an accepted method for selling products and services since the early 1700's. Since that time, traditional auctions have been conducted in auction houses where bidders would gather and compete face-to-face for the purchase of a particular item. Such traditional auctions typically offer luxury items or antiques, whose prices command a large profit. Thus, only those persons who can afford such "high ticket" items participate in traditional auctions. Also, since most auction houses are located in large cities such as London or New York, traditional auctions usually attract only those persons living near or having the means to travel to these auction houses. Such auctions are further limited to those people who are willing to pay the price of admission to the auction house.

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With the development of world-wide communications systems, auctions have evolved to include bidding via telephone and video-conferencing, thus overcoming the barrier imposed by travel. However, these auctions are still typically limited to high ticket items, thus attracting only a small proportion of the general public.

In recent years, and particularly with the advent of the Internet, auctioning has enjoyed increased attention and participation from the population at large. This is demonstrated by the success of such on-line Internet auctioning companies as EBAY and ONLINE.COM. These Internet auction companies allow for items of any value to be placed for bid on their web sites. Each item submitted for sale is assigned an auction session, which includes a starting time (or opening) and a closing time. Bids are then accepted electronically as long as the auction session is open. At the close of the auction session, the item is awarded to the highest bidder.

Although on-line auctioning has succeeded in attracting large-scale, daily participation in auctioning, the Internet environment has inadvertently eliminated some of the benefits enjoyed by traditional auctioning. For instance, the competitive bidding generated by face-to-face competition has been hampered, since on-line bidders usually are remotely located from each other. Furthermore, because the bidders in an on-line auction are not physically present at the auction site, they may not become instantly aware of higher bids submitted by other subsequent bidders.

Another drawback to on-line auctioning is the frequent submission of unreasonably low bids during an auction session. These bids are typically submitted by bidders who are not serious about obtaining the item being auctioned or who anticipate that no reasonable bids will be submitted. Such bidding behavior is a waste of an auctioneer's resources, since such unreasonable bids are rarely accepted. However, since there is no face-to-face interaction among on-line bidders, there is little incentive for a bidder to refrain from submitting unreasonably low bids.

Thus, a need exists to encourage competitive bidding and to discourage unreasonable bid submissions in an on-line auction environment.

Summary of the Invention

Generally, according to the instant invention, systems and methods are disclosed for encouraging competitive bidding behavior during an auction session. Such systems and methods are advantageous in that they encourage competitive bidding by providing rewards to bidders whose bidding behavior meets predetermined criteria. Additionally, non-competitive bidding may be discouraged through the institution of penalties when bidding behavior falls below predetermined standards.

According to a first aspect of the present invention, a system and method for providing a reward to a bidder participating in an auction includes: identifying a product subject to bidding during an auction session; receiving a bid for the product from a bidder during the auction session; determining, based on a reward rule,
 5 whether the bidder is qualified to receive a reward; and if the bidder is qualified, transmitting, to the bidder, an indication that the bidder is qualified to receive the reward.

According to a second aspect of the present invention, a system and method for providing a penalty to a bidder participating in an auction includes: identifying a
 10 product subject to bidding during an auction session; receiving a bid for the product from a bidder during the auction session; determining, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty, transmitting, to the bidder, an indication that the bidder is to receive the penalty.

According to a third aspect of the present invention, a system and method for
 15 participating in an auction session includes: receiving an identification of a product subject to bidding during an auction session; transmitting a bid for the product to an auctioneer during the auction session; and receiving a reward in response to the bid.

According to a fourth aspect of the present invention, a system and method for
 20 participating in an auction session includes receiving an identification of a product subject to bidding during an auction session; transmitting a bid for the product to an auctioneer during the auction session; and receiving a penalty in response to the bid.

Further descriptions of the present invention are disclosed hereinbelow.

Brief Description of the Drawings

25 A more complete understanding of the present invention, as well as further features and advantages thereof, will be obtained by reference to the following detailed descriptions when read in conjunction with the accompanying figures, of which:

30 FIG. 1 is a block diagram illustrating a network over which an auction in accordance with the present invention may be conducted;

FIG. 2 is a block diagram illustrating the components of an auction server depicted in FIG. 1;

FIG. 3 depicts an exemplary auction inventory database stored in the auction server of FIG. 1;

FIG. 4 depicts an exemplary current auction database stored in the auction server of FIG. 1;

FIG. 5 is an exemplary bidder database stored in the auction server of FIG. 1;

FIG. 6 depicts an exemplary offer rules database stored in the auction server of FIG. 1;

FIG. 7 depicts an exemplary reward rules database stored in the auction server of FIG. 1;

FIG. 8 is a flowchart illustrating the steps performed by the auction server of FIG. 1 during an exemplary offer determination process of the present invention;

FIG. 9 is a flowchart illustrating the steps performed by the auction server of FIG. 1 in accordance with an exemplary reward process of the present invention; and

FIGS. 10A-10B are a flow chart illustrating the steps performed by the auction server of FIG. 1 in accordance with an exemplary multiple bidder reward process of the present invention.

Detailed Description of the Preferred Embodiments

Definitions

The following words shall be construed to have the following meanings within the context of the present disclosure:

Auction: a public sale, conducted live or through an electronic network such as a telecommunications system or the Internet, in which products or services are sold to the highest bidder.

5 Bidder: a participant in an auction.

Buyer: the winning bidder in an auction.

10 High Bid: the bid provided by a bidder which currently exceeds the value of all other submitted bids.

Greatest Bid: the high bid at the close of the auction

15 Bid Spread: the difference in pecuniary value between two submitted bids.

Preferred Embodiments

Referring now to FIG. 1, an on-line auction system 100 includes an auction server 102, a third party terminal 106, a payment processing server 108 and one or more bidder terminals 110, each connected through network 104. Auction server 102 is preferably operated by an on-line auctioneer, and may be any type of conventional computer or computing system that includes the components described below in reference to FIG. 2. Likewise, third party terminal 106, payment processor 108 and bidder terminals 110 may each be any conventional type of computer or computing system, such as an IBM personal computer or an IBM network server. Network 104 may be any type of network through which computers may communicate, such as a local-area network (LAN), a wide-area network (WAN), an intranet system, a public telephone exchange system, the Internet or any combination thereof.

30 Third party terminal 106 is preferably operated by a party other than the auctioneer or a bidder. A third party, in the present disclosure, offers a reward to qualified bidders participating in an auction held by the auctioneer, as discussed further below. Payment processor 108 is preferably operated by a financial clearinghouse, such as a credit card clearinghouse, which is equipped to process, inter alia, payments from the bidder to the auctioneer. Bidder terminals 110 are preferably

operated by one or more bidders participating in an auction conducted through auction server 102.

It is to be understood that in an embodiment where the present invention is practiced in other than an on-line auction system, auction server 102, third party
 5 terminal 106, payment processing server 108 and/or bidder terminals 110 may be replaced by their respective operating parties, described above. In such case, network 104 may not be necessary.

FIG. 2 displays the components of auction server 102. These components include processor 200, random access memory (RAM) 202, read-only memory
 10 (ROM) 204, clock 206, communication port 208 and data storage device 210. Data storage device 210 stores auction inventory database 212, current auction database 214, bidder database 216, offer rules database 218, reward rules database 220 and program 222, discussed with reference to FIGS. 3-7 below.

Processor 200 may be any commonly manufactured microprocessor chip, such
 15 as the Pentium II® manufactured by Intel Corporation. Processor 200 runs at a clock speed (typically measured in megahertz (MHz)) determined by clock 206. Clock 206 may further be operative to measure the passage of time in order to calculate a current time in which the auction server 102 is operating.

Processor 200 is operatively connected to random access memory (RAM) 202
 20 and read-only memory (ROM) 204. RAM 202, which may be one or more single inline memory module (SIMM) chips capable of storing a predetermined amount of data (typically measured in megabytes), is used by processor 200 for temporary storage of processing instructions during operation of auction server 102. Read-only memory (ROM) 204 is at least one permanent non-erasable and non-rewritable
 25 memory chip that stores initializing instructions to be used by processor 200 during, for example, a start-up routine performed by auction server 102. Further functions of random access memory (RAM) 202 and read-only memory (ROM) 204 will be apparent to one of ordinary skill in the art.

Processor 200 is further operatively connected to communication port 208,
 30 which may be one or more of the following commonly known computer peripherals used for computer-related communications: a parallel port, a serial port, a network card, a fax/modem/telephone port and/or any combination of the same. Communication port 208 is operatively connected to transfer data between processor 200 and network 104.

Processor 200 is further operatively connected to data storage device 210, which may be any one of the following commonly known computer peripherals used for storing computer data: a hard drive, a floppy disk drive, a DVD drive such as those manufactured by Phillips Electronics, a ZIP drive such as those manufactured by IOMEGA, a tape drive, a Digital Audio Tape drive and/or any combination of the same. Further such devices will be apparent to one of ordinary skill in the art. Data storage device 210 may be further operative to store an operating system, one or more application programs, or a web site run off of auction server 102 each exemplified through program 222, in order to successfully operate auction server 102 in accordance with the system and method of the present invention.

FIG. 3 illustrates exemplary fields and data stored therein for auction inventory database 212. These exemplary fields include auction identification (ID) field 300, auctioned item field 302, open time/date field 303, close time/date field 304 and minimum starting bid field 306. For each record (e.g. each row) of auction inventory database 212, auction ID field 300 lists an auction identifier assigned by the operator of auction server 102 to each auction to be conducted. The auction identifier may be any alphabetic, numeric, alpha-numeric or other type of code, assigned so that each auction conducted on auction server 102 has a unique identifier. For example, the numbers "123" and "124" have been assigned to two such auctions, as listed in FIG. 3. The data in auction ID field 300 corresponds to similar data stored in auction ID field 400 and auction ID field 600 discussed below with reference to FIGS. 4 and 6, respectively.

Auctioned item field 302 contains, for each record of auction inventory database 212, a listing of the item that is to be placed for bidding in the auction identified by the corresponding auction identifier. The auctioned item may be a product or a service. Products may be any tangible item of which the high bidder may take possession, for example, an automobile, furniture, clothing, antiques and the like. Services may be any intangible item to which the high bidder is entitled, such as a magazine subscription or house cleaning services. In the example offered by FIG. 3, "product X" is to be placed for bid in auction "123" and "product Y" is to be placed for bid in auction "124."

Open time/date field 303 contains the date and time at which the corresponding auction is to be opened for bidding. In the example offered by FIG. 3, auction "123" is to be opened at 9:00AM on January 1, 1999. Likewise, close

time/date field 304 contains the date and time at which the corresponding auction is to be closed (e.g. when no further bids will be accepted). In the example offered by FIG. 3, auction "124" is to be closed at 12:00 PM on January 1, 1999. In one embodiment of the present invention, the data stored in close time/date field 304 for a particular auction may be changed based on the submission of a request and, preferably, a payment by a bidder to either extend the auction past the listed closing time or to close the auction early. The payment amount may be determined by the auctioneer, or may be subject to a parallel auction in which one or more bidders bid for a price for which the original auction will be closed.

Minimum starting bid field 306 contains, for each record, data corresponding to the minimum value that will be accepted for an auctioned item. For example, in auction "123," the minimum bid that will be accepted for "product X" is \$125.00

FIG. 4 illustrates exemplary fields and the data stored therein for current auction database 214. Each record in current auction database 214 corresponds to a bid submitted by a bidder during an auction. The exemplary fields of this database include auction identification (ID) field 400, bidder identification (ID) field 402, bid amount field 404 and time received field 406. Auction ID field 400 contains data corresponding to the data stored in auction ID field 300. In the present example, only data for current auction number "123" is displayed. However, current auction database 214 may contain data for one or more previous auctions and/or one or more auctions conducted simultaneously. In the alternative, there may be one or more such current auction databases stored in data storage device 120, each containing archived, historical data corresponding to a previous auction or current data corresponding to a current auction.

Bidder identification (ID) field 402 contains, for each record, a unique code corresponding to a bidder participating in a corresponding auction. The bidder identification code may be any alphabetic, numeric, alpha-numeric or other type of code, assigned by the auctioneer so that each bidder participating in an auction on auction server 102 has a unique identifier. In the present example, one bidder participating in auction "123" has the bidder identification "MALWG018," as displayed in the first record of current auction database 214. Each code stored in bidder ID field 402 corresponds to a similar code stored in bidder identification (ID) field 500 of bidder database 216, discussed in conjunction with FIG. 5 below.

Bid amount field 404 lists the currency value submitted as a bid by a bidder for an auctioned item. For example, the first record of auction database 214 shows that for auction number "123" bidder MALWG018B submitted a bid of \$450.00 for "product X."

5 Likewise, time received field 406 lists the date and time at which a bid was submitted. The data in time received field 406 may be recorded by auction server 102 as the bid is received after being transmitted by bidder terminal 110 over network 104. Alternatively, the time and date information may be encrypted by the bidder and transmitted along with the bid to auction server 102. In this manner, if there is a
10 network disruption or if auction server 102 temporarily stops operating, the bid may still be accepted based on the encrypted date and time, even if the bid was actually received after the scheduled closing time. Upon receipt of the encrypted information, auction server 102 may contain processing instructions in program 222 to decrypt the encrypted information prior to storage in database 214. Schemes used for
15 encrypting and decrypting are well-known to one of ordinary skill in the art. See, for example, Bruce Schneier, *Applied Cryptography: Protocols, Algorithms, and Source Code in C* (2d Ed., John Wiley & Sons, Inc., 1996).

FIG. 5 illustrates exemplary fields and the data stored therein for bidder database 216. Bidder database 216 generally stores data specific to each bidder
20 registered to participate in an auction conducted on auction server 102. The exemplary fields of this database include bidder identification (ID) field 500, historic participation level field 502, bidder name field 504, financial account identifier field 506 and contact information field 508.

Bidder identification (ID) field 500 preferably contains a unique identifier for
25 each bidder that has registered to participate in auctions conducted on auction server 102. The data stored in bidder ID field 500 is further preferably assigned by the operator of auction server 102 to uniquely identify each individual that has registered to submit bids. Alternatively, the bidder identifier may be determined by the bidder. The data may be any alphabetic, numeric, alpha-numeric or other code as discussed
30 above with regard to bidder ID field 402.

Historic participation level field 502 contains a value determined by auction server 102 or an operator of auction server 102. This value acts as a rating for the bidder. The value may be determined from the bidder's previous bidding activities on auction server 102. For example, the value may correspond to the number of previous

auctions in which the bidder submitted a greatest bid, the number of previous auctions in which the bidder submitted a competitive bid or some combination of the two. Other factors may be used to determine the values historic participation level field 502.

5 Bidder name field 504 contains the name of the bidder corresponding to the bidder identifier. In the present example, the first record of bidder database 216 indicates the "John Doe" has been assigned bidder identifier DOEQ29J.

Financial account identifier field 506 contains data corresponding to a financial account number, such as a credit card account number or a checking account
10 number, from which a value of a bid submitted by the bidder is to be deducted. In the present example, the first record of bidder database 216 indicates that John Doe owns an account corresponding to financial account identifier number 1234-1234-1234-1234. Other data, such as a bank or credit card company identifier and an expiration date of the financial account may be included in this field, or may be stored in another
15 field (not shown). The information stored in financial account identifier field 506 may further be used to credit a reward given to the bidder or to deduct a penalty charged to a bidder, discussed further below.

Contact information field 508 contains data preferably corresponding to a post office address for each bidder. The data may contain the bidders street address and
20 city and state of residence. This information may be used as a delivery address for an auctioned item that a bidder has won. It may be further used in processing a transaction with a financial institution holding the financial account indicated in financial account identifier field 206. The transaction is preferably processed by auction server 102 in communication with payment processing server 108. Other
25 data, such as a bidder's telephone number or e-mail address may be stored in contact information field 508 or in another field (not shown).

FIG. 6 illustrates exemplary fields and the data stored therein for offer rules database 218. Offer rules database 218 contains data accessed by auction server 102 during an auction to determine when a reward offer should be made to a bidder. The
30 exemplary fields of this database include auction identification (ID) field 600, required conditions field 602, offer message field 604, offer recipient rules field 606 and Reward ID field 608.

Auction identification (ID) field 600 contains data corresponding to an auction identifier for an auction conducted on auction server 102. The auction identifier is

determined as discussed above with respect to auction ID field 300 and auction ID field 400.

Required conditions field 602 contains, for each record, one or more conditions that must be met in order for a reward offer to be made to a bidder who submitted a bid during an auction. As indicated in FIG. 6, such conditions may require, for example, that (i) no bid has been received during a current auction for over 30 minutes, (ii) the high bid in a current auction is less than \$300.00 after the third hour of such auction and/or (iii) the high bid submitted during a current auction is less than \$450.00. Other such conditions in which offers are made to bidders in order to encourage competitive bidding may be determined by the auctioneer and stored in required conditions field 602.

Offer message field 604 contains data corresponding to text that will be transmitted to a qualified bidder participating in a current auction if the corresponding condition is met. The text preferably lists the reward to be given during the current offer and the action the bidder must take to earn the reward.

Offer recipient rules field 606 lists the bidders to whom the offer message in corresponding offer message field 604 will be transmitted if the corresponding condition is met. The offer recipient rules may be established by the auctioneer, the owner of the auctioned product or a third party who is offering the reward.

Reward identifier field 608 contains a reward identifier corresponding to a reward to be given to a bidder if the bidder accepts the offer for the reward. The data in reward identifier field 608 is established in a similar fashion to the data stored in reward identifier field 700, discussed below with regard to FIG. 7.

FIG. 7 illustrates exemplary fields and the data stored therein for reward rules database 220. Reward rules database 220 contains data accessed by auction server 102 during an auction to determine when a reward should be provided to a bidder. The exemplary fields of this database include reward identifier field 700, reward supplier field 702, reward description field 704 and reward rules field 706.

Reward identifier field 700 contains a reward identifier corresponding to a reward to be given to a bidder for a bid submitted during an auction. The reward identifier may be any alphabetic, numeric, alphanumeric, or other code which preferably is uniquely assigned 102 to each category of rewards by the auctioneer or auction server.

Reward supplier field 702 lists, for each reward identifier, the party who is supplying the reward. Typically the reward may be supplied by the auctioneer. However, in one embodiment of the present invention, the reward supplier may be a third party, such as a credit card company, who may supply the reward automatically if the bidder agrees to file a credit card application with the company. In such an embodiment, the third party may first check the credit history of the bidder using information supplied by auction server 102 from bidder database 216 before making the offer. Examples of other third parties include (i) a telecommunications company who may offer to supplement the pecuniary value of a bidder's bid if the bidder agrees to switch her long distance telecommunications carrier to the third party or (ii) an insurance company who may offer a reward to a bidder if the bidder agrees to purchase insurance from the company. Rewards supplied by third parties may include a value of currency, a supplement to the bid, a rebate on the product, an amount of frequent flier miles, a second product, a warranty for the product, free shipment of the product if the bid is the greatest bid, and the like. A supplement to the bid is an amount by which a bid is increased. For example, if a bid is for \$50.00, and a supplement to that bid is \$5.00, then the bid is increased to \$55.00 with the supplement. The rewards offered by third parties may further be conditioned upon the bidder submitting the greatest bid.

Reward description field 704 contains a description of the reward to be given to a bidder. The reward may be any product, service or currency amount that the reward supplier sees fit to offer the bidder.

Reward rules field 706 contains a description of the one or more rules that must be met before a bidder may automatically receive the reward. These rules are preferably established by the auctioneer, but may be established by the reward supplier or the owner of the auctioned product if different than the auctioneer. Once the rules have been met, the bidder will receive notification that he has earned the reward.

In addition, reward rules field 706 may further contain one or more rules in which a penalty will be assessed against a bidder. The penalty is provided in order to discourage non-competitive bidding behavior. An example of a rule in which a penalty will be provided is where the bidder submits a bid that is less than the minimum starting bid listed in minimum starting bid field 306 for the auction. Another example is where a bidder submits a bid that is lower than a previously

submitted bid. Other examples will be apparent to one of ordinary skill in the art. Examples of penalties include, barring the bidder from submitting bids for a particular auction or for a predetermined amount of time, limiting the number of bids the bidder may submit, or charging the bidder's financial account for a predetermined currency amount.

Turning now to FIG. 8, reward offering process 800 is continuously performed during a given auction session by processor 200 in conjunction with processing instructions stored in program 222 of data storage device 210. Process 800 is further performed for each auction listed in auction ID field 600 that is conducted on auction server 102. Process 800 begins at step 802 where processor 200 is programmed to retrieve the required auction conditions listed in field 602 of database 218 for a current auction. At step 804, processor 200 retrieves the current auction data stored in fields 404 and 406 of current auction database 214. At step 806, processor 200 correlates the retrieved data and compares it to the required auction conditions. If the current auction data satisfies the required auction conditions, process 800 continues to step 808. Otherwise process 800 ends and is reset to step 802.

At step 808, processor 200 retrieves from offer recipient rules field 606 each offer recipient rule stored for the subject auction and for which the required conditions have been satisfied. At step 810, processor 200 determines, based on the retrieved rules, which of the bidders participating in the subject auction are to receive the corresponding offer message stored in offer message field 604. At step 812, the qualified bidders contact information and/or financial account identifier is retrieved by processor 200 from bidder database 216 when this information is necessary to send the offered reward to the bidder. At step 814, the corresponding offer message stored in offer message field 604 is transmitted to the qualified bidders from communication port 208 over network 104 to the qualified bidders terminals 110.

At step 816, processor 200 determines whether the offer was accepted by a bidder. If the offer is not accepted, process 800 ends and is reset to step 802. If the offer is accepted by a bidder, then at step 818, the reward is assigned to the bidder and is, for example, sent to the bidder's address, added to the bidder's next bid or credited to the bidder's financial account, depending on the type of reward. Process 800 then ends and is reset to step 802.

Referring now to FIG. 9, a single bidder reward process 900 is continuously performed during a given auction session by processor 200 in conjunction with

processing instructions stored in program 222 of data storage device 210. Process 900 may be performed during any or all auctions, as determined by the auctioneer to be appropriate.

Process 900 begins at step 902 when a bid is received from a bidder terminal 110, transmitted over network 104 and received via communication port 208. As described above, the bid information may contain a current auction identifier, the bidder identifier, a pecuniary value of the bid and, optionally, an encrypted date and time at which the bidder transmitted this information. After the bid information is stored in current auction database 214, the process continues to step 904 where processor 200 determines whether the auction for which the bid is submitted is open. This is accomplished by referencing the time stored from signals received from clock 206 and comparing the current time to the times stored in open date/time field 303 and close date/time field 304. If the auction is open the process continues to step 906, otherwise process 900 ends and is reset to step 902.

At step 906, processor 200 determines whether the bidder submitting the bid has sufficient funds or credit to pay the currency value of the bid. This is accomplished by retrieving the financial account identifier stored in field 506 which corresponds to the bidder identifier. Processor 200 then communicates with payment processing server 108 through communication port 208 and over network 104 to determine whether the financial account has sufficient funds to cover the bid amount. If the bidder has sufficient funds or credit, process 900 continues to step 908. Otherwise, process 900 ends and is reset to step 902. In an alternate embodiment, step 906 may be deferred until after the close of the auction. Other methods for determining whether the bidder has sufficient funds will be understood by those skilled in the art.

At step 908, processor 200 determines, in accordance with at least one exemplary reward rule, whether the received bid is greater than the current high bid. Those skilled in the art will understand that the following illustrated method is likewise applicable to other types of reward rules. The determination is accomplished by retrieving all the bid values stored in bid amount field 404 of current auction database 214 and comparing them to the received bid. If the received bid is less than the current high bid, process 900 optionally continues to step 909 where a penalty may be applied against the bidder, after which process 900 ends and is reset to step

902. If, however, the received bid is greater than the current high bid, then the exemplary reward rule has been met and process 900 continues to step 910.

It should be apparent to one of ordinary skill in the art that various additional or substitute reward rules may be applied at step 908. For example, instead of a reward rule that requires that the received bid is greater than a current high bid, the auctioneer may provide for such alternate reward rules as: (i) the bidder submits a bid within a predetermined time from the submission of a previous bid, (ii) the bidder must submit greater than a predetermined number of increasing bids during the course of the auction (e.g. each of the bidder's bids is greater than the former), (iii) the bidder's bid must be greater than any previous bid by at least a predetermined bid spread, (iv) the greatest bid for the auction must be greater than \$500.00, (v) the bidder must have participated in greater than a predetermined number of previous auctions, (vi) the bid is submitted after a predetermined amount of time from a previous bid, (vii) random bidders may be selected to receive a reward. Other such conditions will be apparent and are contemplated to be within the scope of the present invention.

At step 910, the bid information is stored in the appropriate fields of current auction database 214. Then, at step 912, processor 200 retrieves the reward rules corresponding to the current auction as stored in reward rules field 706 of reward rules database 220. At step 914, processor 200 compares the received bid to the reward rules to determine if the bidder is qualified to receive a reward based on her bid. If so, process 900 continues to step 916 where the reward is provided to the bidder, after which process 900 ends and is reset to step 902. If not, process 900 is likewise ended and reset to step 902.

Referring now to FIGS. 10A-10B, a multiple bidder reward process 1000 is performed by processor 200 in conjunction with processing instructions stored in program 222 of data storage device 210. Process 1000 may be performed during any or all auctions as determined by the auctioneer to be appropriate.

Process 1000 begins at step 1002 when a bid is received from a bidder terminal, transmitted over network 104 and received via communication port 208. As described above, the bid information may contain a current auction identifier, the bidder identifier, a pecuniary value of the bid and, optionally, an encrypted date and time at which the bidder transmitted this information. After the bid information is stored in current auction database 214, the process continues to step 1004 where

processor 200 determines whether the auction for which the bid is submitted is open. This is accomplished by referencing the current time determined from signals received from clock 206 and comparing the current time to the times stored in open date/time field 303 and close date/time field 304. If the auction is open the process
 5 continues to step 1006, otherwise process 1000 ends and is reset to step 1002.

At step 1006, processor 200 determines whether the bidder submitting the bid has sufficient funds or credit to pay the currency value of the bid. This is accomplished by retrieving the financial account identifier stored in field 506 which corresponds to the bidder identifier. Processor 200 then communicates with payment
 10 processing server 108 through communication port 208 and over network 104 to determine whether the financial account has sufficient funds to cover the bid amount. If the bidder has sufficient funds or credit, process 1000 continues to step 1008. Otherwise, process 1000 ends and is reset to step 1002.

At step 1008, processor 200 determines, in accordance with an exemplary
 15 reward rule, whether the received bid is greater than the current high bid. This is accomplished by retrieving all the bid values stored in bid amount field 404 of current auction database 214 and comparing them to the received bid. If the received bid is less than or equal to the current high bid, process 1000 continues to step 1009 where a penalty may be assessed against the bidder, after which process 1000 ends and is reset
 20 to step 1002. If, however, the received bid is greater than the current high bid, process 1000 continues to step 1010.

As discussed above with regard to step 908, the reward rule employed at step 1008 is merely exemplary. Additional or alternate reward rules may be employed.

At step 1010, the bid information is stored in the appropriate fields of current
 25 auction database 214. Processor 200 then compares the bid against the reward rules stored in reward rules field 706 of reward rules database 220. If the bid satisfies the conditions of one or more of the reward rules, the bidder is given the reward at step 1012, and process 1000 continues to step 1014.

At step 1014, a bid from a second (or subsequent) bidder terminal is
 30 transmitted over network 104 and received via communication port 208. As described above, the bid information may contain a current auction identifier, the bidder identifier, a pecuniary value of the bid and, optionally, an encrypted date and time at which the bidder transmitted this information. After the bid information is stored in current auction database 214, the process continues to step 1016 where

processor 200 determines whether the auction for which the bid is submitted is open. This is accomplished by referencing the current time determined from signals received from clock 206 and comparing the current time to the times stored in open date/time field 303 and close date/time field 304. If the auction is open the process
 5 continues to step 1018, otherwise process 1000 ends and is reset to step 1002.

At step 1018, processor 200 determines whether the second bidder submitting the second bid has sufficient funds or credit to pay the currency value of the bid. This is accomplished by retrieving the financial account identifier stored in field 506 which corresponds to the second bidder identifier. Processor 200 then communicates with
 10 payment processing server 108 through communication port 208 and over network 104 to determine whether the financial account has sufficient funds to cover the bid amount. If the second bidder has sufficient funds or credit, process 1000 continues to step 1020. Otherwise, process 1000 ends and is reset to step 1002.

At step 1020, processor 200 determines, based on an exemplary reward rule,
 15 whether the second received bid is greater than the current high bid. This is accomplished by retrieving all the bid values stored in bid amount field 404 of current auction database 214 and comparing them to the second received bid. If the second received bid is less than or equal to the current high bid, process 1000 continues to step 1021 where a penalty may be assessed against the second bidder, after which
 20 process 1000 ends and is reset to step 1002. If, however, the second received bid is greater than the current high bid, process 1000 continues to step 1022.

As discussed above with regard to steps 908 and 1008, the reward rule employed at step 1020 is merely exemplary. Additional or alternate reward rules may be employed.

At step 1022, the bid information is stored in the appropriate fields of current
 25 auction database 214. Processor 200 also retrieves corresponding reward rules from reward rules database 220. At step 1024, processor 200 then compares the second bid against the retrieved reward rules. If the second bid does not satisfy the reward rules, process 1000 ends and is reset to step 1002. However, if the second bid satisfies the
 30 conditions of one or more of the reward rules, the bidder is given the reward at step 1026, after which process 1000 ends. In an alternate embodiment, the reward assigned to the first bidder may be revoked as part of step 1026.

While the best mode contemplated for carrying out the invention has been described in detail in the foregoing, those of ordinary skill in the art to which the

instant invention relates will recognize various alternative designs and embodiments for practicing the invention. In particular, the methods and systems disclosed above, though discussed in terms of an on-line embodiment, are equally applicable to enhance competitive bidding in any conventional form of auctioning. Furthermore, 5 the databases and data stored therein may be rearranged or combined into equivalent structures. Finally, it is to be understood that a reward may be provided during a current auction or may be awarded subsequent to the current auction. Accordingly, it is to be understood that the foregoing description is provided for illustrative purposes only and does not limit the scope of the instant invention, as defined by the appended 10 claims.

We claim:

- 1 1. A method for providing a reward to a bidder participating in an auction, the
2 method comprising:
3 identifying a product subject to bidding during an auction session;
4 receiving a bid for the product from a bidder during the auction session;
5 determining, based on a reward rule, whether the bidder is qualified to receive
6 a reward, and if the bidder is qualified:
7 transmitting, to the bidder, an indication that the bidder is qualified to
8 receive the reward.
- 1 2. The method of claim 1, further comprising:
2 determining, based on the bid, whether the bidder is qualified to receive the
3 product; and if the bidder is qualified:
4 transmitting to the bidder, an indication that the bidder is qualified to
5 receive the product.
- 1 3. The method of claim 2, wherein the step of determining, based on the bid,
2 whether the bidder is qualified to receive the product, further comprises:
3 determining whether the bid is greater than each of a plurality of remaining
4 bids.
- 1 4. The method of claim 1, wherein the reward comprises at least one of:
2 a value of currency, a supplement to the bid, a rebate on the product, an
3 amount of frequent flier miles, a second product, and a warranty for the product.
- 1 5. The method of claim 1, wherein the reward rule comprises a condition that the
2 bidder accept an offer provided by a third party.
- 1 6. The method of claim 5, further comprising:
2 transmitting, before the determining step, an offer to the bidder for a second
3 product provided by the third party;
4 receiving an acceptance of the offer from the bidder; whereby the bidder is
5 qualified to receive the reward.

- 1 7. The method of claim 6, wherein the second product is a service.
- 1 8. The method of claim 7, wherein the service is a credit card account and
2 wherein the third party is a credit card provider.
- 1 9. The method of claim 6, wherein the reward is a supplement to the bid, the
2 supplement including a value of currency.
- 1 10. The method of claim 5, further comprising:
2 determining whether the bidder has an acceptable credit history before the
3 offer is transmitted to the bidder.
- 1 11. The method of claim 1, further comprising:
2 receiving at least one bid for the product from each of a plurality of remaining
3 bidders.
- 1 12. The method of claim 11, wherein the step of receiving at least one bid is
2 performed prior to the step of receiving the bid.
- 1 13. The method of claim 12, wherein the reward includes a condition that the bid
2 from the bidder is greater than each bid received from the plurality of remaining
3 bidders.
- 1 14. The method of claim 12, further comprising:
2 determining which of the at least one bids is a greatest bid.
- 1 15. The method of claim 14, wherein the reward rule comprises a condition that
2 the bid from the bidder is greater than the greatest bid by a predetermined percentage.
- 1 16. The method of claim 14, wherein the reward rule comprises a condition that
2 the bid from the bidder is greater than the greatest bid by a predetermined currency
3 value.

1 17. The method of claim 1, wherein the reward rule comprises a condition that the
2 bid is a first received bid.

1 18. The method of claim 17, wherein the reward is a currency value corresponding
2 to a value of the bid.

1 19. The method of claim 17, wherein the reward corresponds to a difference
2 between the bid and a greatest bid.

1 20. The method of claim 1, in which the establishing step comprises:
2 establishing the reward rule to include a condition that a greatest bid is at least
3 equal to a predetermined value; and the method further comprising:
4 receiving a second bid for the product from a second bidder, wherein
5 the second bid is the greatest bid; and
6 determining whether the greatest bid is at least equal to the
7 predetermined value, whereby if the greatest bid is at least equal to the predetermined
8 value, the bidder is qualified to receive the reward.

1 21. The method of claim 20, wherein the step of determining, based on the
2 reward rule further comprises:
3 determining, based on the reward rule, whether the second bidder is
4 qualified to receive a reward; and if the second bidder is qualified:
5 transmitting, to the second bidder, an indication that the second bidder
6 is qualified to receive the reward, whereby if the greatest bid is at least equal to the
7 predetermined value, the second bidder is qualified to receive the reward.

1 22. The method of claim 1, in which the establishing step further comprises:
2 establishing the reward rule including a condition that the bid exceed a prior
3 bid, the method further comprising:
4 receiving a prior bid, wherein the determining step further comprises:
5 determining whether the bid is greater than the prior bid; whereby if
6 the bid is greater than the prior bid, the bidder is qualified to receive the reward.

1 23. The method of claim 22, wherein the reward rule further includes a condition
2 that the bid exceed a prior bid by a predetermined value; and

3 wherein the step of determining whether the bid is greater than the prior bid
4 further comprises:

5 determining whether the bid is greater than the prior bid by a
6 predetermined value, whereby if the bid is greater than the prior bid by the
7 predetermined value, the bidder is qualified to receive the reward.

1 24. The method of claim 22, wherein the prior bid is received from the bidder.

1 25. The method of claim 22, wherein the prior bid is received from a second
2 bidder.

1 26. The method of claim 25, wherein the bid is equal to the prior bid, and wherein
2 the bid and the prior bid are a highest bid.

1 27. The method of claim 26, further comprising:
2 comparing a participation history of the bidder and the second bidder; and
3 awarding the product based on the comparison.

1 28. The method of claim 1, further comprising:
2 establishing the reward rule including a condition that the bidder submit a
3 progressive bid that is greater by at least a predetermined value than a prior bid;
4 receiving the prior bid from the bidder; and wherein the determining step
5 further comprises:
6 determining whether the bid is greater than the prior bid by at least the
7 predetermined value; whereby if the bid is greater than the prior bid by at least the
8 predetermined value, the bidder is qualified to receive the reward.

1 29. The method of claim 28, wherein the predetermined value corresponds to a
2 percentage of the prior bid.

1 30. The method of claim 1, in which the establishing step further comprises:

2 establishing the reward rule including a condition that the bidder submits a
 3 predetermined number of bids, the method further comprising:
 4 receiving at least one prior bid from the bidder; and wherein the
 5 determining step further comprises:
 6 determining whether a number of bids from the bidder, including the
 7 bid and the at least one prior bid, is at least equal to the predetermined number of
 8 bids, whereby if the number of bids is at least equal to the predetermined number of
 9 bids, the bidder is qualified to receive the reward.

1 31. The method of claim 1, in which the establishing step further comprises:
 2 establishing the reward rule including a condition that a bidder submit at least
 3 two bids within a predetermined amount of time; the method further comprising:
 4 receiving a second bid from the bidder; and wherein the determining
 5 step further comprises:
 6 determining whether the bid and the second bid were received within
 7 the predetermined amount of time.

1 32. The method of claim 1, further comprising:
 2 measuring a time between the bid and a previous bid from a second bidder;
 3 and in which the establishing step further comprises:
 4 establishing the reward rule including a condition that the bidder is qualified to
 5 receive the reward when the time is greater than a predetermined value; and wherein
 6 the determining step further comprises:
 7 determining whether the time between the bid and the previous bid is
 8 greater than the predetermined value.

1 33. The method of claim 1, further comprising:
 2 measuring a time between the bid and a previous bid from a second bidder;
 3 and in which the establishing step further comprises:
 4 establishing the reward rule including a condition that the bidder is qualified to
 5 receive the reward when the time is greater than a predetermined value; and wherein
 6 the determining step further comprises:
 7 determining whether the time between the bid and the previous bid is
 8 less than the predetermined value.

1 34. The method of claim 1, in which the establishing step further comprises:
 2 establishing a reward rule that a historic participation of the bidder meets a
 3 predefined criterion; and wherein the determining step further comprises:
 4 measuring the historic participation of the bidder; and
 5 determining whether the historic participation meets the
 6 predefined criterion.

1 35. The method of claim 34, wherein the predefined criterion includes a
 2 requirement that the bidder has participated in at least one previous auction session.

1 36. The method of claim 34, wherein the historic participation corresponds to at
 2 least one of: a number of previous auctions in which the bidder participated, a number
 3 of previous auctions which the bidder won, and an amount of profit earned from the
 4 bidder.

1 37. The method of claim 1, further comprising:
 2 receiving personal data from the bidder including at least one of a name, an
 3 address and a financial account identifier belonging to the bidder.

1 38. The method of claim 37, further comprising:
 2 verifying the personal data with a third party.

1 39. The method of claim 1, wherein the receiving step includes:
 2 receiving the bid from the bidder over one of a telecommunications network
 3 and the Internet.

1 40. The method of claim 1, wherein the product is a service.

1 41. The method of claim 1, further comprising:
 2 providing the reward to the bidder.

1 42. The method of claim 1, further comprising:
 2 receiving, from the bidder, a payment to close the auction session.

- 1 43. The method of claim 42, wherein the payment is determined from a parallel
2 auction.
- 1 44. The method of claim 1, further comprising:
2 receiving, from the bidder, a payment to extend the auction session.
- 1 45. The method of claim 44, wherein the payment is determined from a parallel
2 auction.
- 1 46. The method of claim 1, further comprising:
2 terminating the reward if a higher bid is received from a second bidder.
- 1 47. The method of claim 1, wherein the reward rule includes a condition that the
2 reward be issued randomly.
- 1 48. The method of claim 1, wherein the reward to be offered is determined based
2 on at least one of:
3 the bidder's participation history, the bid spread, the product, a statistical
4 likelihood that the bid will be a greatest bid, and the average highest bid historically
5 submitted for a similar product.
- 1 49. The method of claim 1, wherein the receiving step includes:
2 receiving an encrypted indication of a time the bid was transmitted.
- 1 50. A method for providing a penalty to a bidder participating in an auction, the
2 method comprising:
3 identifying a product subject to bidding during an auction session;
4 receiving a bid for the product from a bidder during the auction session;
5 determining, based on a penalty rule, whether the bidder is to receive a
6 penalty; and if the bidder is to receive the penalty:
7 transmitting, to the bidder, an indication that the bidder is to receive
8 the penalty.

1 51. The method of claim 50, wherein the penalty rule comprises a condition that
2 the bid is less than a current high bid.

1 52. The method of claim 50, wherein the penalty comprises making the bidder
2 ineligible to continue participating in the auction session.

1 53. The method of claim 50, wherein the penalty rule comprises a condition that
2 the bid is less than a predetermined value.

1 54. A method for participating in an auction session, comprising:
2 receiving an identification of a product subject to bidding during an auction
3 session;
4 transmitting a bid for the product to an auctioneer during the auction session;
5 and
6 receiving a reward in response to the bid.

1 55. The method of claim 54, further comprising:
2 receiving the product in response to the bid.

1 56. The method of claim 54, wherein the product is a service.

1 57. The method of claim 54, wherein the transmitting step is conducted over one
2 of a telecommunications network and the Internet.

1 58. The method of claim 54, wherein the transmitting step includes:
2 transmitting the bid with an encrypted indication of a time the bid was
3 transmitted.

1 59. A method for participating in an auction session, comprising:
2 receiving an identification of a product subject to bidding during an auction
3 session;
4 transmitting a bid for the product to an auctioneer during the auction session;
5 and
6 receiving a penalty in response to the bid.

1 60. A computer data signal embodied in a carrier wave comprising a segment
2 having computer processing instructions for notifying a bidder that the bidder is
3 qualified to receive a reward in response to a previous bid submitted during an auction
4 session.

1 61. An apparatus for providing a reward to a bidder participating in an auction,
2 comprising:
3 means for identifying a product subject to bidding during an auction session;
4 means for receiving a bid for the product from a bidder during the auction
5 session;
6 means for determining, based on a reward rule, whether the bidder is qualified
7 to receive a reward, and
8 means for transmitting, to the bidder, an indication that the bidder is qualified
9 to receive the reward.

1 62. An apparatus for providing a reward to a bidder participating in an auction,
2 comprising:
3 a storage device; and
4 a processor connected to the storage device,
5 the storage device storing a program for controlling the processor; and
6 the processor operative with the program to:
7 identify a product subject to bidding during an auction session;
8 receive a bid for the product from a bidder during the auction session;
9 determine, based on a reward rule, whether the bidder is qualified to
10 receive a reward, and if the bidder is qualified:
11 transmit, to the bidder, an indication that the bidder is qualified to
12 receive the reward.

1 63. A computer readable medium encoded with processing instructions for
2 implementing a method for providing a reward to a bidder participating in an auction,
3 the method comprising:
4 identifying a product subject to bidding during an auction session;
5 receiving a bid for the product from a bidder during the auction session;

determining, based on a reward rule, whether the bidder is qualified to receive a reward, and if the bidder is qualified:

transmitting, to the bidder, an indication that the bidder is qualified to receive the reward.

64. An apparatus for providing a penalty to a bidder participating in an auction, comprising:

means for identifying a product subject to bidding during an auction session;

means for receiving a bid for the product from a bidder during the auction session;

means for determining, based on a penalty rule, whether the bidder is to receive a penalty; and

means for transmitting, to the bidder, an indication that the bidder is to receive the penalty.

65. An apparatus for providing a penalty to a bidder participating in an auction, comprising:

a storage device; and

a processor connected to the storage device,

the storage device storing a program for controlling the processor; and

the processor operative with the program to:

identify a product subject to bidding during an auction session;

receive a bid for the product from a bidder during the auction session;

determine, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty:

transmit, to the bidder, an indication that the bidder is to receive the penalty.

66. A computer readable medium encoded with processing instructions for implementing a method for providing a penalty to a bidder participating in an auction, the method comprising:

identifying a product subject to bidding during an auction session;

receiving a bid for the product from a bidder during the auction session;

6 determining, based on a penalty rule, whether the bidder is to receive a
7 penalty; and if the bidder is to receive the penalty:
8 transmitting, to the bidder, an indication that the bidder is to receive
9 the penalty

Abstract

In both an on-line and a conventional auction, an auctioneer may encourage competitive bidding behavior through the provision of rewards to those bidders whose
5 bids meet predetermined criteria. For example, a bidder may be rewarded if her bid exceeds a prior bid by a threshold value. An auctioneer may further discourage non-competitive bidding behavior by penalizing those bidders whose bids fall below predetermined standards.

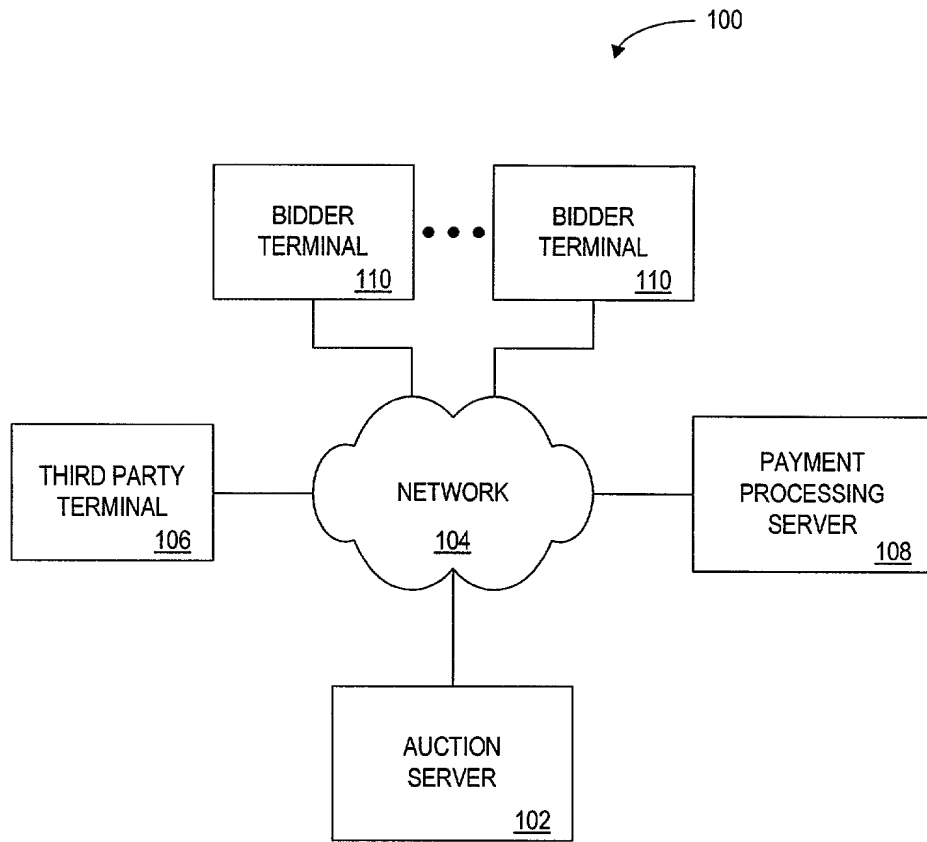


FIG. 1

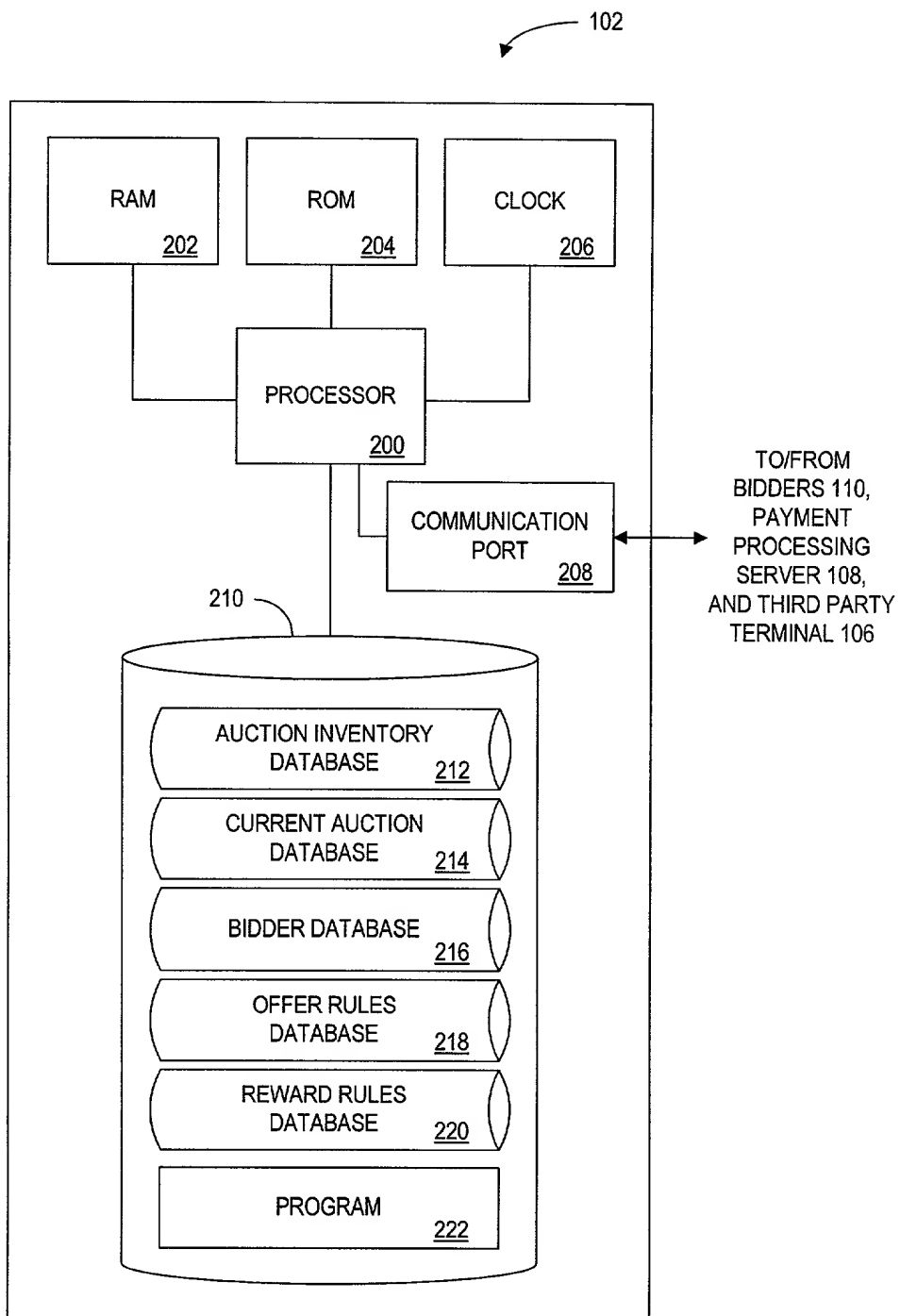


FIG. 2

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AUCTION ID <u>300</u>	AUCTIONED ITEM <u>302</u>	OPEN TIME/DATE <u>303</u>	CLOSE TIME/DATE <u>304</u>	MINIMUM STARTING BID <u>306</u>
123	PRODUCT X	9:00 AM 1/1/99	12:00 PM 1/1/99	\$125.00
124	PRODUCT Y	12:00 AM 1/1/99	12:00 PM 1/1/99	\$50.00

FIG. 3

FIG. 4

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AUCTION ID 400	BIDDER ID 402	BID AMOUNT 404	TIME RECEIVED 406
123	MALWG01B	\$450.00	11:36 AM 1/1/99
123	STEZD12K	\$445.00	11:35 AM 1/1/99
123	MCDT98R	\$430.00	11:20 AM 1/1/99
123	SMIMW19B	\$350.00	10:15 AM 1/1/99
123	ROBX12B	\$336.00	9:47 AM 1/1/99
123	JONEX84B	\$195.00	9:24 AM 1/1/99
123	SMIMW19B	\$150.00	9:12 AM 1/1/99
123	DOEQ29J	\$135.00	9:10 AM 1/1/99

FIG. 4

BIDDER ID	HISTORIC PARTICIPATION LEVEL	BIDDER NAME	FINANCIAL ACCOUNT IDENTIFIER	CONTACT INFORMATION
DOEQ29J	5	JOHN DOE	1234-1234-1234-1234	12 WILLOW ST. TOWN, STATE
ROBX12B	2	BOB ROBERTS	1111-1111-1111-1111	500 1ST AVE. CITY, STATE
MCDT98R	8	SUE McDONALD	9999-9999-9999-9999	222 PARK AVE. CITY, STATE
JONEX84B	3	TOM JONES	5555-5555-5555-5555	15 RIVER PL. TOWN, STATE
SM1MW19B	10	BILL SMITH	2222-2222-2222-2222	192 BARN RD. TOWN, STATE
MALWG01B	1	NEIL MALLONE	4444-4444-4444-4444	95 MAIN ST. TOWN, STATE
MARY202C	21	ANDREW MARTIN	3333-3333-3333-3333	5 PARK AVE. CITY, STATE
STEZD12K	6	STEVE JOHNSON	7777-7777-7777-7777	8 PROSPECT ST. TOWN, STATE

FIG. 5

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	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FIG. 6

REWARD IDENTIFIER 700	REWARD SUPPLIER 702	REWARD DESCRIPTION 704	REWARD RULES 706
21	AUCTIONEER	\$15.00 TOWARD SUBSEQUENT BID	- AUCTIONED PRODUCT = PRODUCT X - BIDDER MUST EXCEED CURRENT HIGH BID
22	THIRD PARTY	\$50 TOWARDS OFFER	- AUCTIONED PRODUCT = PRODUCT Y - BIDDER MUST AGREE TO USE THIRD PARTY INSURER IF THEY ARE THE WINNING BIDDER
23	AUCTIONEER	WARRANTEE ON AUCTION PRODUCT	- AUCTIONED PRODUCT = PRODUCT Z - BIDDER MUST SUBMIT > 5 BIDS IN CURRENT AUCTION
24	AUCTIONEER	FREE DIGITAL WATCH	- AUCTIONED PRODUCT = PRODUCT B - BIDDER MUST HAVE SUBMITTED AT LEAST 3 BIDS THAT PROGRESSIVELY INCREASED BY 50%
25	AUCTIONEER	\$10.00 REBATE CREDITED TO FINANCIAL ACCOUNT	- BIDDER MUST HAVE RESPONDED TO HIGH BID WITH SUBSEQUENT BID WITHIN 2 MINUTES
26	AUCTIONEER	FREE CLOCK-RADIO	- BIDDER MUST HAVE BEEN THE FIRST BIDDER - WINNING BID MUST BE \geq \$500.00
27	AUCTIONEER	\$50.00 GIFT CERTIFICATE TO RESTAURANT A	- BIDDER MUST HAVE PARTICIPATED IN \geq 10 PREVIOUS AUCTIONS
28	AUCTIONEER	\$10.00 REBATE CREDITED TO FINANCIAL ACCOUNT	- BIDDER MUST EXCEED CURRENT HIGH BID - NO BID MUST HAVE BEEN PREVIOUSLY RECEIVED FOR 30 MINUTES AFTER THE PREVIOUS BID

FIG. 7

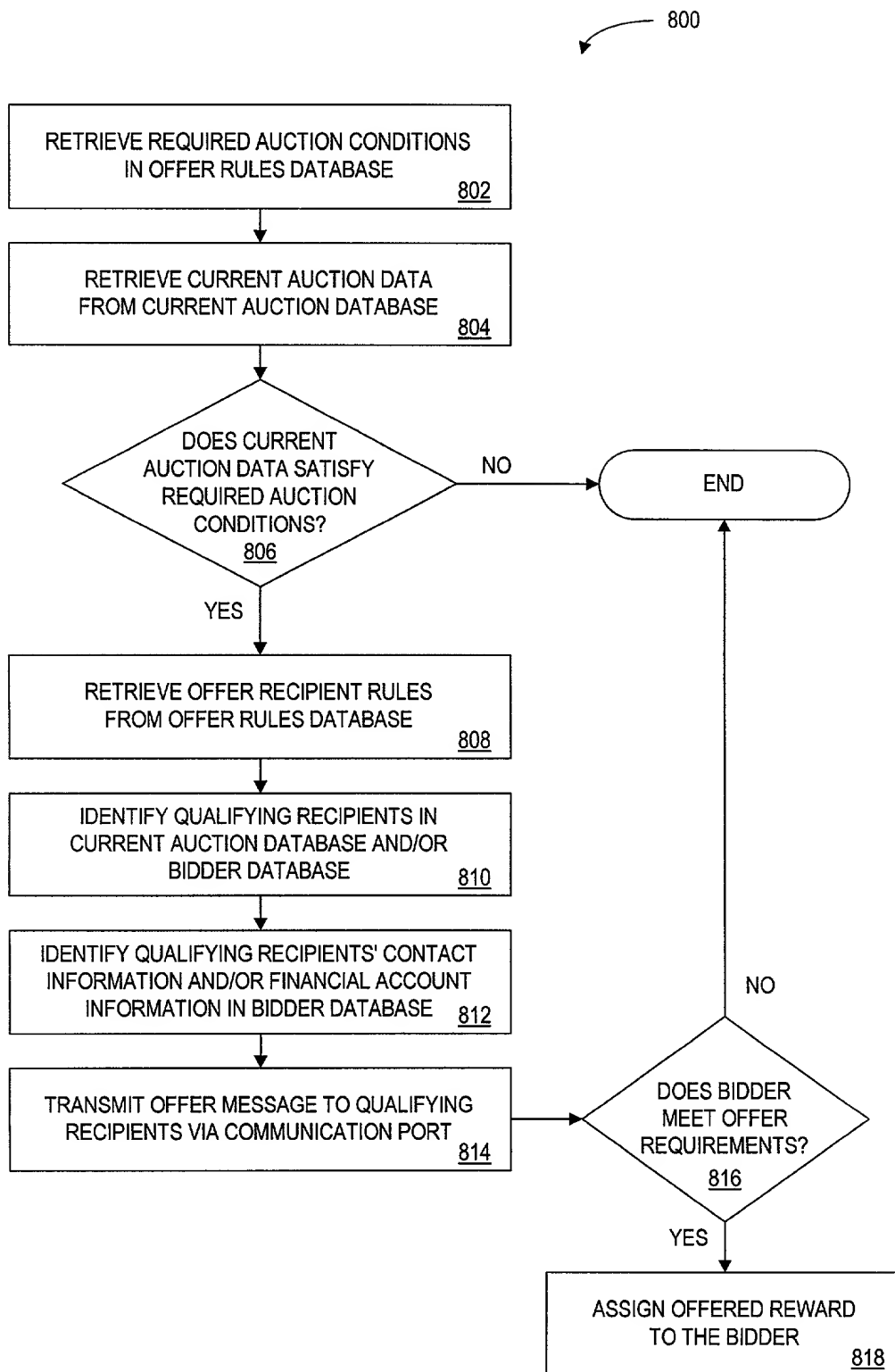


FIG. 8

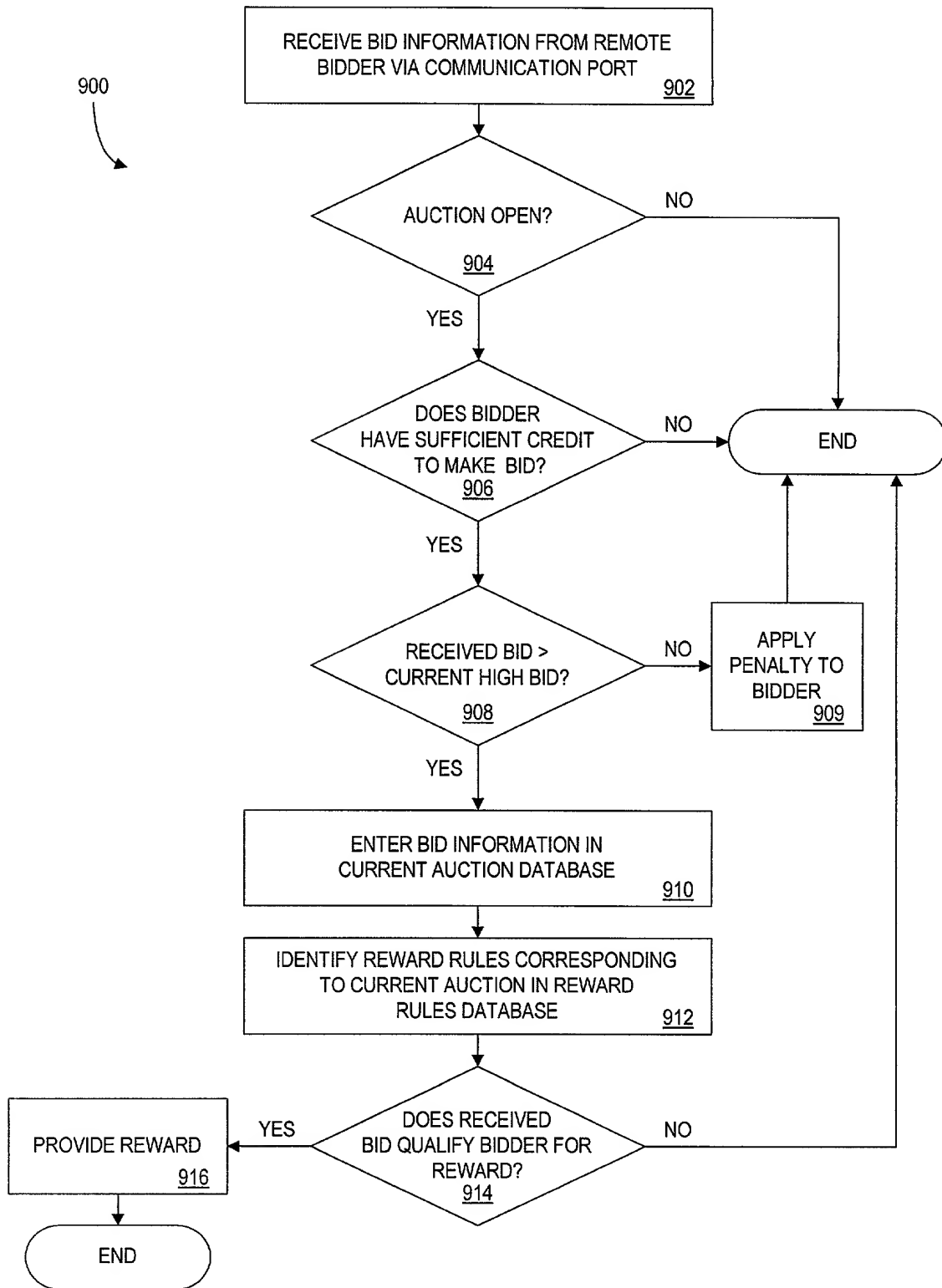


FIG. 9

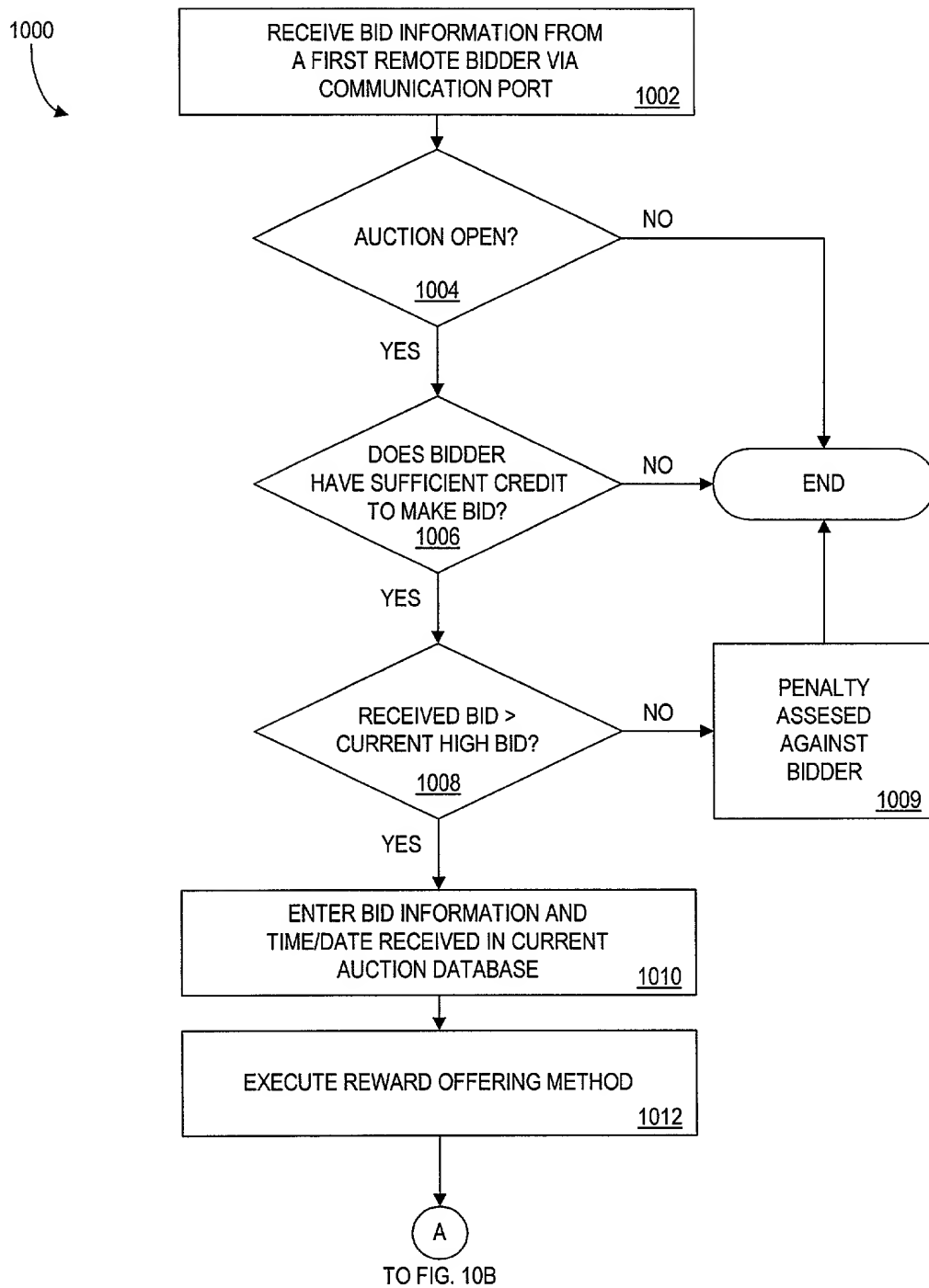


FIG. 10A

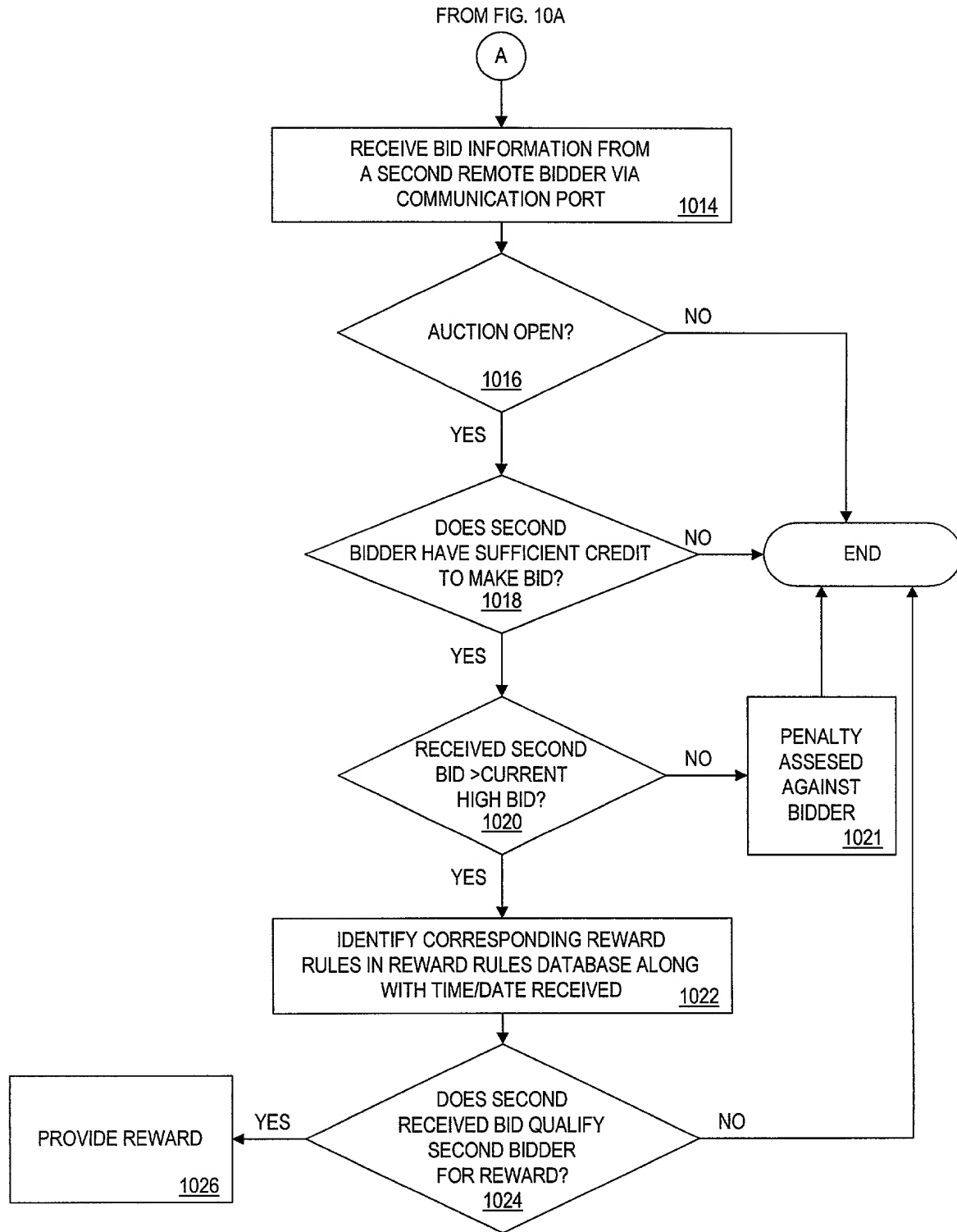


FIG. 10B

Docket No.
WD2-98-084

Declaration and Power of Attorney For Patent Application

English Language Declaration

As a below named inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below next to my name,

I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled

SYSTEM AND METHOD FOR ENCOURAGING COMPETITIVE PARTICIPATION IN AN AUCTION

the specification of which

(check one)

☒ is attached hereto.

☐ was filed on _____ as United States Application No. or PCT International Application Number _____ and was amended on _____ (if applicable)

I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose to the United States Patent and Trademark Office all information known to me to be material to patentability as defined in Title 37, Code of Federal Regulations, Section 1.56.

I hereby claim foreign priority benefits under Title 35, United States Code, Section 119(a)-(d) or Section 365(b) of any foreign application(s) for patent or inventor's certificate, or Section 365(a) of any PCT International application which designated at least one country other than the United States, listed below and have also identified below, by checking the box, any foreign application for patent or inventor's certificate or PCT International application having a filing date before that of the application on which priority is claimed.

Prior Foreign Application(s)

Priority Not Claimed

(Number)

(Country)

(Day/Month/Year Filed)

☐

(Number)

(Country)

(Day/Month/Year Filed)

☐

(Number)

(Country)

(Day/Month/Year Filed)

☐

I hereby claim the benefit under 35 U.S.C. Section 119(e) of any United States provisional application(s) listed below:

(Application Serial No.)

(Filing Date)

(Application Serial No.)

(Filing Date)

(Application Serial No.)

(Filing Date)

I hereby claim the benefit under 35 U. S. C. Section 120 of any United States application(s), or Section 365(c) of any PCT International application designating the United States, listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States or PCT International application in the manner provided by the first paragraph of 35 U.S.C. Section 112, I acknowledge the duty to disclose to the United States Patent and Trademark Office all information known to me to be material to patentability as defined in Title 37, C. F. R., Section 1.56 which became available between the filing date of the prior application and the national or PCT International filing date of this application:

(Application Serial No.)

(Filing Date)

(Status)
(patented, pending, abandoned)

(Application Serial No.)

(Filing Date)

(Status)
(patented, pending, abandoned)

(Application Serial No.)

(Filing Date)

(Status)
(patented, pending, abandoned)

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

POWER OF ATTORNEY: As a named inventor, I hereby appoint the following attorney(s) and/or agent(s) to prosecute this application and transact all business in the Patent and Trademark Office connected therewith. *(list name and registration number)*

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Full name of fifth inventor, if any	
Fifth inventor's signature	Date
Residence	
Citizenship	
Post Office Address	

Full name of sixth inventor, if any	
Sixth inventor's signature	Date
Residence	
Citizenship	
Post Office Address	